

REPORT TO THE CITY COUNCIL BY THE CITY INTERNAL AUDITOR

AUDIT OF THE DEPARTMENT OF SHREVEPORT PUBLIC ASSEMBLY AND RECREATION (SPAR), RECREATION DIVISION

INTERNAL AUDIT REPORT (IAR) 040108-01

February 26, 2008



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Councilman Joe Shyne
Chairman, Shreveport City Council

Dear Councilman Shyne:

Subject: IAR 040108-01 - Audit of the Department of Shreveport Public Assembly and Recreation (SPAR), Recreation Division

Attached please find the report mentioned above. Management comments are included in the report.

Sincerely,

Leanis L. Graham, CPA, CIA
City Internal Auditor

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**EXECUTIVE SUMMARY
AUDIT OF THE
DEPARTMENT OF
SHREVEPORT PUBLIC ASSEMBLY AND RECREATION (SPAR),
RECREATION DIVISION
INTERNAL AUDIT REPORT (IAR) 040108-01**

The purpose of the executive summary is to convey in capsule form the significant issues of the audit report. The executive summary is a vehicle for reviewing the report and should only be used in conjunction with the entire report.

INTRODUCTION

The Recreation Division's cultural activities are scheduled and programmed with the ultimate goal of providing a diverse slate of leisure, recreational, wellness, cultural enrichment, and educational activities for all Shreveport citizens. Citizens and visitors can participate in activities that range from computer training, yoga classes, or individual and team sports, to a wellness program, reading campaigns, or to water sports on the Red River.

We wish to express our sincere appreciation to Shreveport Public Assembly and Recreation Department employees for their invaluable assistance during the course of our fieldwork.

RECOMMENDATION EVALUATION RISK CRITERIA

The chart below summarizes recommendations outlined in the report and our evaluation of risk for the recommendations. We evaluated the importance of each audit recommendation by assigning each a level of risk. The latter, as defined in the chart below, were determined based on the possible results for the entity if the recommendation is not implemented.

Risk Levels	Recommendations
High Risk Possibility of fraud, waste, and abuse of City assets; Interrupted and/or disrupted operations; Entity's mission not being met; Adverse publicity.	Take appropriate action to ensure that fiscal information reflected on rental agreement documents is consistent with that shown on related cash collection data. (Finding 1)
Medium Risk Possibility of continuing, significant operating inefficiencies and high-level non-compliance issues.	Develop and maintain a comprehensive policies and procedures manual. (Finding 2)
Low Risk Possibility of continuing operating inefficiencies and some low-level non-compliance issues.	Ensure that documentation supporting the scheduling of and attendance at all recreational events and activities are maintained. Establish a centralized automated login/logout system.

	Expand the walking/running/biking trails system. Establish consistent maintenance on treadmill machines and tennis courts .(Findings 3, 4 , 5, and 6)
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Findings

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OBJECTIVES

We have completed a review and evaluation of procedures employed by the Shreveport Public Assembly and Recreation Department's Recreation Division. Our objective was to evaluate the effectiveness and efficiency of procedures in place to conduct the division's activities.

SCOPE AND METHODOLOGY

Fieldwork was performed in accordance with applicable generally accepted governmental auditing standards as defined in Operating Instruction A.20 of the Internal Audit Office Operating Instructions Manual. Our audit included:

- Interviewing appropriate personnel.
- Observing operations and ongoing activities.
- Reviewing applicable documentation.

BACKGROUND

Shreveport Public Assembly & Recreation's main purpose is to provide the citizens and visitors of Shreveport distinctive quality services and fun activities. It creates a system of parks and recreation centers that promote natural spaces and the welfare of the residents in the neighborhoods.

The Recreation Division's cultural activities are scheduled and programmed with the ultimate goal of providing a diverse slate of leisure, recreational, wellness, cultural enrichment, and educational activities for all Shreveport citizens. Citizens and visitors can participate in activities that range from computer training, yoga classes, or individual and team sports, to a wellness program, reading campaigns, or to water sports on the Red River.

SPAR provides facilities, programs, services, and events that are wholesome and safe for the families. SPAR will accomplish these goals by: 1) Innovation in programming and facility development; 2) Faithful stewardship of the community's natural, cultural and historical resources; 3) Highest standard of excellence in public service through the diverse community.

The Recreation Division is one of seven (7) divisions from SPAR. It has eighteen (18) community recreation centers and serves about 267,000 youths and adults annually. Its budget for 2007 was \$1,943,000.

Department	FY 2005 Actual	FY 2006 Estimate	FY 2007 Adopted
Recreation	\$1,301,962	\$1,513,500	\$1,740,600
Therapeutic	\$123,082	\$140,600	\$202,400
Total	\$1,425,044	\$1,654,100	\$1,943,000

Source: 2007 City of Shreveport Budget

We wish to express our sincere appreciation to Shreveport Public Assembly and Recreation Department employees for their invaluable assistance during the course of our fieldwork.

CONCLUSIONS/FINDINGS/RECOMMENDATIONS

Our tests and observations of current operations and discussions with operating personnel indicated that several areas require management attention. Our findings are summarized below:

- Financial data associated with funds received from Facility Rental Agreements was not always in agreement with information shown on related contractual documents.
- Written operating guidelines had not been developed to provide adequate assurance of uninterrupted continuity of operations.
- The Division's Annual Operating Goals and Objectives, as indicated on applicable documents, indicated that assigned personnel were providing local citizens adequate recreation and entertainment opportunities. However, proper documentation was not always available to fully support all goals accomplished.
- There were some weaknesses in participation information reporting due to the lack of a centralized automated login/logout system.
- A need for the expansion of walking/running/biking trails system for a growing demand from the community.
- Lack of scheduled preventive maintenance for treadmill machines and tennis courts.

1. Questionable Reliability of Written Facility Rental Agreements

Criteria: The Recreation Division enables citizens to rent City-owned facilities for the purpose of celebrating birthday parties, family reunions, and other family or group-oriented gatherings. Applicable rental fees are included in the City Code of Ordinances. Written rental agreements, formally executed between renters and City officials, specify guidelines to be followed in conducting such activities.

Condition: Our review of facility rental agreements for 128 functions held at four of the thirty-one Recreation Service facilities operated by the division during 2005 showed the following discrepancies:

- In six instances (4.7%), the fees indicated on signed rental agreements were inconsistent with those cited on related fiscal data. Because of the manner in which the accounting reconciliation system is currently established, we were unable to verify specific rental sources shown on corresponding Financial Accounting Management Data System (FAMIS) reconciliation data.
- Rental agreements were not maintained in an orderly manner. They were simply kept in a file folder in no chronological order that would facilitate their location for review.

Administrative personnel did not always document changes made to written rental agreements.

Effect: Unreliability of contractual documents.

Cause: There was no requirement in place to ensure the accuracy of rental information generated.

Recommendations: The Assistant Director of Recreation should take appropriate action to ensure that information shown on rental agreement documents is consistent with related fiscal data. All information pertinent to a customer's building use request should be adequately documented on the related Building Use Request Form prepared for the event. Additionally, facility rental agreement documents should be maintained in an orderly, chronological manner to facilitate their review at any time.

Management Response: This audit began in 2005 prior to my appointment as Director and the appointment of Catherine Kennedy as Division Manager of Recreation. Since that time we have made tremendous changes in the rental policies in the Recreation Division.

In January of 2006, the Recreation Division took steps to accurately organize rental agreements. All rental agreements for the 16 community centers are kept in one place and are separated by facility and kept in chronological order. A shared GroupWise calendar was also created so contracts can be created and posted for administration to

monitor and to view at any time. All changes to the rental agreement are in writing on appropriate forms.

Timetable: N/A

2. Lack of Written Operating Procedures

Criteria: Written operating procedures and instructions prove invaluable when responsible personnel are absent or reassigned. They assist management and other employees in ensuring the uninterrupted continuity of operations.

Condition: The department had developed various portions of written guidelines on the operations of all its divisions. However, final adoption and approval had not been effected as of the date of our fieldwork.

Effect:

- Potential inefficient and ineffective operations.
- Potential violation of existing laws and regulations.
- Operations may not be in accordance with mission.

Cause: Administrative oversight.

Recommendation: The Director, Shreveport Public Assembly and Recreation Department, should develop and maintain a comprehensive policies and procedures manual that clearly delineates authority and responsibility of individual employees, thus providing the essential foundation needed for establishing employee accountability. The manual would serve as a reference tool for employees seeking guidance on the proper handling of less frequently encountered transactions and situations. In addition, a policies and procedures manual lessens the threat to continuity posed by employee turnover. The manual would include, for example, guidelines on approval of transactions, responsibility for the preparation of recurring reports, filing of documents, safeguarding of cash, etc.

Management Response: Again this audit began in 2005 prior to my appointment as Director and when I became the Director one of my first tasks was to appoint a committee of SPAR employees, headed by the Assistant Director Patrick Wesley, to author a Policy and Procedure manual for our Department. SPAR has completed the required Departmental Policy and Procedures Manual and is waiting on final editing changes before printing and distributing to employees.

The policy and procedure manual clearly gives employees an understanding of Shreveport Public Assembly and Recreation mission, organization, functions, and job expectations of all SPAR employees (full and part time). The contents of the manual are presented as a matter of employee information and a general reference tool to ensure

employee accountability. The City of Shreveport and SPAR Administration reserve the right to provide addendums, modify, revoke, suspend, terminate or change policies and procedures as needed.

Timetable: N/A

3. Unsupported Goals and Objectives

Criteria: Funding for providing leisure, cultural enrichment, and other related recreational activities to Shreveport's citizens is heavily dependent on the results of planned events and activities. Consequently, the results of all scheduled programs should be adequately supported.

Condition: Flyers and posters on file attested to the scheduling and completion of numerous events scheduled by the division throughout various facilities. For example, management provided us documents of events where participant numbers were included. However, there was no evidence presented such as sign-in sheets, rolls, etc., to support this participation.

Effect: Inability to support completion of established goals and objectives.

Cause: Failure to establish and maintain administrative files.

Recommendation: The Director, Shreveport Public Assembly and Recreation Department, should ensure an improved management information system. Such should include sign-in sheets, rolls or persons enrolled, participating, and other supporting documents.

Management Response: In January of 2006, SPAR adopted the use of a Participant Registration Form for every specialized program in our division. The information on the form includes the participant's name, address, date of birth, emergency contact information including medical information and a contact person. A Participant Registration Form is not used for every resident who comes into a recreation center to play billiards, open play basketball or to utilize many of the other free amenities at the center.

The Recreation Division has always used a sign in sheet at each recreation center to document the number of residents in attendance on a particular day or for a specific event. Those numbers are tallied and submitted on one form each month to the recreation administration office. Original sign in sheets are kept at each individual recreation facility and are available for view at any time.

Timetable: N/A

4. Automation of Participation Information Reporting

Criteria: Manual procedures should be automated when appropriate to increase efficiency and effectiveness of operations.

Condition: Current procedures require all participants at Recreation Centers to sign in and out when utilizing the centers. Participation numbers and information are critical for Recreation Centers managers to forecast and plan for the future. Without valid participation information, Recreation Centers managers will not be able to anticipate the level of participation for various programs and activities.

We noted all participation information was collected and compiled manually by Recreation Centers management. For example, participants at Recreation Centers used printout sign in/sign out forms to document when they utilized the facilities. Recreation Center managers then manually compiled this information to determine recreation facility participation level.

Effect:

- Inability to support completion of established goals and objectives.
- Inefficient process of collecting data.
- Manually compiled data for participant information reporting is prone to errors due to human mistakes and is difficult to obtain and analyze efficiently.

Cause: Budget constraint and technology limitation have not permitted Recreation Centers management to invest in an automated log in/log out system.

Recommendation: We recommend that management obtain a centralized automated scanner login and logout system to record participation usage. The new automated system will save time and manpower. The automated scanner system will be more efficient and allow Recreation Centers management the ability to keep track of participants, make the information more accessible, and allow management to see how often the participants use the facilities. The automated system should also enable Recreation Centers' managers to compile, report, and breakdown the participation data into usable and report trends for better analysis and evaluation of recreation facility usage.

Management Response: Although automated information recording is a modern form of gathering participant information, in order to have it increase the "efficiency and effectiveness of our operations" it must have certain specifications.

Already cited is the cost to the city for installing such a program at sixteen facilities. Another is the fact that due to our current computer system set up, we cannot interface with one another nor can any one center's data be accessed remotely. The manual recording system that we are currently using is accurate when accounting for

participants in the facility. It may not be convenient for remote monitoring but it certainly is correct.

The automated information recording systems can also fall victim to inaccurate compilation of data. Missing or lost cards can lead to participants using a manual override feature that can inaccurately account for participants – or just not logging in at all. With no LAN back up, an entire history of participants can be wiped out with one power surge.

Finally, we do not want any systems in place at any facility that will create a barrier or the feeling of a barrier between the users and the recreation facilities. SPAR will certainly keep this recommendation in mind when we are looking at long-term and strategic planning.

Timetable: N/A

5. Expand the Walking/Running/Biking Trails System

Criteria: Based on a study conducted by SJB Group in 2006, a good walking/running/biking trails system is an integrated and desirable part of an effective operation plan for all Recreation Centers.

Condition: The trails system in place for the Recreation Centers is not adequate for the needs of the city. Recreation Centers have a small system of walking/running/biking trails throughout the city. According to the study by SJB Group, City of Shreveport has less than half of an adequate trails system for a city of its size. The standard trails miles for a compatible city are 83 miles but the City only has around 41.2 miles.

Effect: A lack of adequate walking/running/biking trails system would impede the objective of Recreation Centers, which is to promote natural spaces, health, and the welfare of the residents in the neighborhoods.

Cause: Budget constraints have not allowed the Recreation Division to expand the trails much beyond the existing trails system.

Recommendation: We recommend that Recreation Centers work with the Maintenance Division to establish a good maintenance schedule on all the trails. If funding is available, it would be a good idea to expand the level and numbers of trails for future usage.

Management Response: This finding did not come as a surprise to SPAR, since SPAR has long been an advocate of an expanded trail system. SPAR administration and the park planning staff knew that the City's extended trail system did not meet the benchmark for a City our size. But, the bigger question was, did the community want an extended trail system. In late 2006, SPAR received the results of its master plan

process and the community overwhelmingly wants the trail system in our City expanded and connected.

This type of expansion of walking, bike and running trails will take long-term planning, coordination with other agencies, and large capital financial outlay. SPAR is currently in the process of working on a trail plan and the landscape architect from SPAR is serving on the state's bicycle/pedestrian trail update committee.

Although, the City of Shreveport does not meet the benchmark for extended trails, it is fortunate to have fitness trails throughout the community. In more than 18 parks, from AB Palmer to David Raines and Jacoby Ware to East Kings Highway, there are fitness trails for the citizens' use. For years, the maintenance division has utilized an inspection schedule to check for needed repairs and maintenance.

Timetable: N/A

6. Treadmill Machines and Tennis Courts Conditions

Criteria: All Recreation Centers' equipment and facilities should be in good condition and operational to serve the residents of Shreveport.

Condition: We visited five (5) different Recreation Centers on 11/19/2007. They were Lakeside, David Raines, Bill Cockrell, Airport Park, and Southern Hill. With the exception of Lakeside, which had 100% operational rate for treadmill machines, the other four Recreation Centers had a failure rate from 40% to 100%. Tennis courts were in casual playable condition but need light fixtures operational in order to be playable at night. Tennis courts also need to be repainted.

Effect: Potential ineffective operations. Operations may not be in accordance with purpose and goal of Recreation Centers.

Cause: Lack of preventive maintenance schedule for treadmill machines and tennis courts. Treadmill vendor did not respond to fix the broken treadmill machines in a timely manner.

Recommendation: The Director, Shreveport Public Assembly and Recreation Department, should develop and keep a schedule of preventive maintenance for all equipment, facilities, and assets. The vendor(s) for treadmill machines, especially for the soon to be ordered machines, should have factory-authorized repair technicians to respond within a reasonable timeframe.

Management Response: The Recreation Division has created a maintenance schedule and checklist for all fitness equipment; including treadmills. The contract for the new treadmills includes a provision that repair requests are responded to within 24 hours of notification by the city utilizing a factory authorized repair company.

For years, the maintenance division has utilized an inspection schedule to check for needed repairs and maintenance. The maintenance budget only allows for maintenance and upkeep, it does not contain funding for major renovations or repairs.

Timetable: N/A

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BN

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